

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TENNESSEE
NORTHEASTERN DIVISION AT GREENEVILLE**

In Re : :
: :
APPALACHIAN OIL COMPANY, INC. : CASE NO. 09-50259
: Chapter 11
Debtor : :

Objection To Debtor's Motion For Approval Of Proposed Compromise And Settlement

YA Landholdings, LLC and YA Landholdings 7, LLC (collectively "YA") hereby object to the Debtor's motion to approve a proposed compromise and settlement. In support of its objection, YA would show the Court as follows:

1. YA objects to entry of an order for approval of the settlement suggested in the Debtor's motion on the grounds that the Debtor has failed to establish that the settlement is in the best interests of the Debtor, the Estate, or the creditors. The Debtor has failed to sufficiently and adequately outline the basis of the alleged claims, the possible defenses, and any difficulties of prosecution of the claims that would justify the settlement.

2. The Official Committee of Unsecured Creditors has filed an objection to the settlement, stating that its objection is precautionary because the parties, including the Committee, have worked out a different settlement agreement which will be presented to the Court at the hearing in an agreed order. YA is not a party to the order and is unclear what the terms are of this new proposed settlement; accordingly, YA needs to see the proposed order before it is entered. The terms of the settlement, the claims to be settled, and the rationale for the settlement have not ever been presented. Allowing a release of potential claims without affording parties in interest any meaningful notice or opportunity to object is impermissible under the Bankruptcy Code and applicable rules.

3. YA further objects to any settlement that would result in allocation of the proceeds in a dissimilar manner for similarly situated creditors.

WHEREFORE, YA prays that the Court deny the Debtor's motion, and require notice of, or allow YA the opportunity to review and object to any, proposed order that is being submitted with a different settlement. YA further prays that the Court grant such other and further relief as is appropriate.

May 29, 2009

Respectfully submitted,

/s/ Robert A. Guy, Jr.

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